
SECURITY ASSISTANCE COMMUNITY

Security Cooperation 2003 Conference: Strengthening Alliances for the Future

**By
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The Defense Security Cooperation Agency (DSCA) hosted its 2003 Annual Security Cooperation Conference, October 28-29, 2003 in Alexandria, Virginia. *Strengthening Alliances For The Future* served as the conference theme. This article summarizes the various conference speakers' presentations. Several speakers utilized briefing slides in conjunction with their comments. The presentations in their entirety may be accessed via the Defense Security Cooperation Agency's website at www.dsca.mil.

Lieutenant General Tome H. Walters, Jr., USAF, Director of the Defense Security Cooperation Agency (DSCA) welcomed an audience of approximately 450 people representing the Department of Defense, the Department of State, U.S. industry, media representatives and international customers. He described this year's conference as being more internally focused than past conferences with a view specifically toward the security cooperation practitioner. In an ever changing world with new



Lieutenant General Tome H. Walters Jr., USAF, Director of the Defense Security Cooperation Agency, welcomes an audience of 450 security assistance community representatives to the 2003 Worldwide Security Cooperation Conference.

challenges such as the global war on terrorism, he emphasized that the business of security cooperation serves as an increasingly important tool of the U.S. Although the spotlight typically focuses on the large system sales, the smaller sales of basic equipment are more important than ever in building crucial bridges in security cooperation.

Lieutenant General Walters stated that, as the security cooperation community works to meet the high expectations of customers, the community must adapt and change. Although legacy processes were not designed for speed, the demands of today's customers and world environment have pushed the community to look for new and creative ways to conduct business. As an example, he cited the request from the Coalition Provisional Authority this past summer to, within thirty days, competitively award a contract to train and equip the Afghan National Army. Based on historical parameters, most security cooperation and contracting practitioners would conclude that a competitive award for an effort of this scale would not be possible within thirty days. In this instance, through high level teaming coupled with creative hard work, remarkable

performance was achieved. A competitively awarded contract was issued within thirty days and actual training began shortly thereafter.

Next, Lieutenant General Walters commented on the changing nature of security cooperation. He stated that DSCA, in addition to traditional security cooperation, is now involved in managing several humanitarian assistance programs in association with the Agency for International Development. Examples of humanitarian outreaches include daily ration food distribution, wheelchair collection and redistribution activities, school construction projects, seaport repair and medical facility outfitting.

The DSCA Director cited the singularly most prominent security cooperation accomplishment over the past year centered on Poland's selection of the F-16 aircraft through their international fighter competition. The U.S. security assistance community in conjunction with U.S. industry expended considerable effort to prepare and support the offer of F-16 aircraft. As part of this offer, the U.S. government approved a \$3.8 billion loan to support the sale. This was the first loan of this type granted by the U.S. government since 1998. In addition to supporting Poland's national defense and enhancing their role in North Atlantic Treaty Organization (NATO), the selection of the F-16 package opens the door for significant U.S. and Poland military-to-military interactions in the years ahead.

On the horizon, the security cooperation community is preparing to support another key international fighter competition initiated by the Czech Republic. Breaking new ground, the U.S. government will not only submit its own offer of F-16A/B aircraft but will also provide logistics and training support packages for the competing offers being tendered by the governments of the Netherlands, Belgium and Canada. This serves as another example of U.S. effort to work with other governments in areas of mutual security cooperation interest.

Foreign military sales (FMS) in fiscal year 2003 was very healthy with sales of approximately \$13 billion. Looking to fiscal year 2004, FMS sales are projected to reach \$13.8 billion based on already approved or in-process congressional notifications. Regarding the topic of congressional notification, Lieutenant General Walters noted that the Congress gave careful scrutiny to a number of sales requests in 2003. The security cooperation community should expect Congressional interest in this business to continue in 2004.

Lieutenant General Walters briefly reviewed some other security cooperation accomplishments. In early October 2003, DSCA released the updated version of the *Security Assistance Management Manual* (SAMM) which is available at www.dsca.mil. DSCA anticipates that the revised SAMM will prove to be a document that is easier to use and one that clearly articulates U.S. security cooperation policy. DSCA continues to work with activity based costing and management processes to better understand where security cooperation costs are generated and too better allocate FMS administrative funds. In this avenue, DSCA generated its first security assistance Program Objective Memorandum in an effort to improve security cooperation requirements identification and resource allocation. In regard to FMS cases, the number of open supply complete cases has been reduced by nearly two-thirds over the past three years. Case closure progress continues to improve under the Accelerated Case Closure procedures.

In the information technology arena, the Security Cooperation Information Portal (SCIP) has debuted. SCIP provides customers a consolidated view of their security cooperation information as a short term vehicle pending the eventual fielding of the Case Execution Management Information System (CEMIS). So far, approximately thirty customers have individuals registered as SCIP users. Work will continue in fiscal year 2004 to rehost key legacy security cooperation systems (such as SAMIS, CISIL and MISIL) into a common computer language. This action provides the basis and opportunity to modernize automated security cooperation processes and eventually transition to the entire security cooperation community to a single security cooperation execution management system.

Looking toward 2004, Lieutenant General Walters challenged the security cooperation community to match the quality performance achieved in 2003 but to do so at a faster pace and to be more responsive to security cooperation partners' needs. In the effort to achieve better, faster, cheaper performance, Lieutenant General Walters announced that he has appointed a transformation team consisting of key DSCA personnel from the Plans, Policy and Programs Directorate and the Office of the Comptroller to analyze current business practices. The transformation team is charged with dedicating 60 percent of their time specifically toward transformation initiatives. He emphasized his intent to go beyond just incremental change. His goal is to look at the underlying processes and to create revolutionary changes in security cooperation. Each of the major implementing agencies has been invited to participate with DSCA in this undertaking. The transformation team is expected to also include involvement from the foreign customers and industry. Later this year, he anticipates announcing the transformation plan of attack to the security cooperation community.

Mr. Andrew R. Hoehn, Deputy Assistant Secretary of Defense for Strategy addressed the conference next. He discussed the implementation of the Department of Defense (DoD) Security Cooperation Guidance, approved by Secretary Rumsfeld in April 2003, as the foundation for all DoD interactions with foreign defense establishments. Mr. Hoehn stated that the DoD security cooperation guidance, developed with input from the State Department, is synchronized with and in support of the President's National Security Strategy. As such, it aids the DoD in prioritizing security cooperation requirements and allocating resources. Some of the key areas addressed in the guidance are: building relationships, enhancing capabilities of friends and allies, facilitating access, combating terrorism, transforming the U.S. and Russian relationship, cooperating in regional disputes, realigning U.S. global forces posture and strengthening alliances for the future.

Mr. Hoehn asserted that, in implementing this guidance, the U.S. must look for areas of common interest where international partners can participate with the U.S. and alleviate some of the operational tempo stress on U.S. forces. The DoD also needs to recognize the niche capabilities that some partners have developed and to identify how these capabilities could complement U.S. capabilities. As the U.S. transitions from a theater engagement approach to a capabilities based approach, the U.S. needs to spur a similar transformation with key allies and to continue improving interoperability among partners.

In closing, Mr. Hoehn reiterated that DoD's security assistance guidance must complement other efforts by the State Department. Further, linkage between the strategy and resource allocation needs to be maintained. Finally, he stated that an assessment mechanism is required to evaluate performance. Revised security cooperation guidance, fine tuning the current guidance, is expected to be approved in January 2004.

Ms. Freda Lodge, DSCA Director of Policy, Plans and Programs (P3) Directorate briefly discussed DSCA's planning and programming process. She began by stating that security cooperation is an important, overlapping tool in both the realm of foreign policy and defense policy. DSCA serves as the leader of the security cooperation community that is spread throughout the military departments, DoD agencies, unified commands and security assistance offices around the world. Based on the DoD security cooperation guidance, DSCA issues planning and programming guidance intended to create a common vision and direction across the entire security cooperation community. The common vision and direction has its foundation in security cooperation policy that supports the strategic objectives of engagement, strengthening relationships, providing influence, gaining access and promoting interoperability. Next, the appropriate processes must be established and maintained to effectively execute the policy. Resources must be efficiently applied to sustain the processes.

Ms. Lodge stated that although security cooperation is inherently governmental business, it is unique because it must generate its own revenue from sales in order to sustain its own operating costs. Due to this reality, DSCA operates a Planning, Programming and Budgeting System (PPBS) to forecast requirements and to allocate resources. The PPBS process provides the

linkage between goals, requirements and the application of resources. DSCA recently completed the fiscal years 2005-2007 PPBS cycle.

Mr. Richard L. Aboulafia, Vice President for Analysis with the Teal Group was the next speaker. Mr. Aboulafia provided a summary assessment of the international aircraft market. He stated that the market for U.S. passenger transport aircraft is currently in decline. The erosion of U.S. dominance in civil aircraft production is partly due to an increasing interest for indigenous production by nontraditional manufacturers.

Unlike the civil aviation sector, the U.S. remains dominant in military aviation. The international market for U.S. military aircraft looks promising through the year 2012. Given the previous downturn in defense spending and with global terrorism threat, governments have reached the point where they are no longer raiding defense budgets. Within defense budgets, airpower currently appears to be a popular item to be funded although it is uncertain how long this cycle may last. Additionally, the high investment to support indigenous development and production of military aircraft makes this option increasingly uneconomical. This coupled with the U.S. technological advances in military aircraft may drive some governments to abandon their military aviation development efforts to instead shift their resources towards better competing in the commercial aviation market. In the future, more countries may choose a parallel track approach that includes buying U.S. military aircraft but to pursue indigenous or alternate, politically acceptable sources for commercial aviation purchases.

Mr. Aboulafia asserted that the U.S. commitment to the F-35 (Joint Strike Fighter) is critical. Many nations are planning on the F-35 to fulfill their next generation fighter requirement. If the F-35 falters due to U.S. funding, program execution or production problems, the balance of the international military aircraft market could shift back to looking at non-U.S. fighter alternatives.

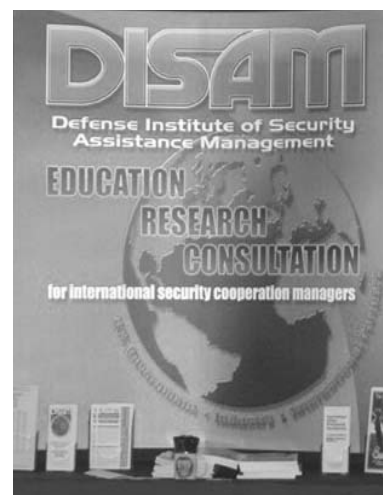


Attendees socialized over lunch prior to listening to the luncheon speaker.

Following the lunch break, the conference attendees had the choice to attend several breakout sessions that focused on a variety of security cooperation topics.

Colonel Linda Palmer of the Missile Defense Agency's (MDA) Cooperative Development office discussed international cooperative actions within her agency. The U.S. withdraw from the Anti-Ballistic Missile Treaty opened the door for the U.S. to develop and deploy a defensive system that covers all phases of missile trajectory. The MDAs mission is to develop and deploy missile defense for the U.S. itself, for deployed U.S. forces, U.S. allies, and friends. As the MDA

works to fulfill this mission, they want to have international participation. The international work at this point consists mainly of technical assistance agreements. This entails a three step process beginning with consultations to determine what is needed by the partner and what the U.S. would gain in the agreement. Colonel Palmer stated that in an undertaking of this nature, geography counts as value. Partner potential contributions of an in-kind non-monetary and non-technical nature are considered. The next phase is evaluation. Here decisions are made regarding what should be done given the specific parameters of the potential cooperative effort. The negotiation phase consists of generating a bilateral government-to-government agreement. The MDA expects to have initial capabilities operating by September 2004 and progress through spiral development and deployment cycles until the full coverage is achieved. The MDA does anticipate future foreign military sales and direct commercial sales of the materiel developed under this program.



The Defense Institute of Security Assistance Management Information booth at the conference.

Mr. Brad Bittinger of DSCA's Legislative and Public Affairs Office conducted a session describing the foreign military financing (FMF) budget process. He began by reviewing the legislative authority for FMF, specifically Section 503 of the *Foreign Assistance Act* and Section 23 of the *Arms Export Control Act*. Funds for the FMF program are appropriated annually in the *Foreign Operations, Export Financing, and Related Programs Appropriation Act*. The Department of State determines which countries will have programs and establishes the overall funding level. The Department of Defense makes recommendations on military assistance funding levels. DSCA plays an important role in this process by reviewing inputs from security assistance offices, combatant commands, and the joint staff. DSCA then works with the Office of the Secretary of Defense and the Department of State to provide input into the President's budget submission. Congress reviews the budget submission and passes appropriation legislation. DSCA, with the Department of State and the Office of Management and Budget, apportions the appropriated funds.

Mr. Leon Yates of DSCA's Policy and Plans Division presented an update on DSCA's end use monitoring (EUM) program, Golden Sentry. The overall objectives of the program are to impede potential adversaries' access to technology, to promote a capable industrial base and to ensure compliance with U.S. laws and regulations. Golden Sentry does not represent a new mission. Monitoring has been required by the *Arms Export Control Act* and the *Foreign Assistance Act*. Golden Sentry does place a new emphasis and elevate the priority of EUM. Some key developments on the horizon include developing a portal application to assist in tracking materiel, programming for EUM manpower billets, integrating EUM into combatant command's evaluation regimes and publishing an EUM handbook.

Dr. Ronald Reynolds of the Defense Institute of Security Assistance Management (DISAM) and Dr. Deborah Nutter of Tufts University summarized the International Affairs Graduate Studies program sponsored by DSCA. The Global Master of Arts Program (GMAP) II affords the opportunity for international affairs personnel to acquire a funded masters degree from the Fletcher School of Law and Diplomacy at Tufts University. This program is part of the overall career development program instituted by DSCA and the military departments' international affairs agencies. It is also open for persons from industry dealing with international programs as well foreign purchaser personnel throughout the international community who would apply directly to the Fletcher School (either funded personally or through their organization).



Dr. Ronald H. Reynolds, Commandant of the Defense Institute of Security Assistance Management, conducts a break-out session on International Affairs Graduate Studies Program.

Dr. Reynolds discussed the current status of (GMAP) II class starting in March 2004, as well as the outlook for the recruiting period for the class that will begin in March 2005. Final selection of this year's class is almost complete. The recruiting period for the 2005 class should begin in February 2004 and run through August 2004. For more information on the GMAP program, go to the DISAM website at <http://129.48.35.197/ProfDev/GMAPII/MAPS.pdf>.

In addition to the breakout sessions, information booths provided conference participants an opportunity to obtain literature and discuss DISAM courses, Defense Institute for International Legal Studies courses, and familiarize themselves with the Security Cooperation Information Portal and the DSCA Story.

A DSCA directors panel discussion concluded the first day by addressing the topic of "Responding to New Challenges." Mr. Keith Webster of the Business Operations Directorate discussed the importance of commercial financing in the security cooperation business. He highlighted the creation of the Standby Letter of Credit process, the role that financing played in the Polish F-16 decision, and the significance of financing for the potential Czech Republic fighter purchase. He also announced that within the next six months, DSCA would establish organic contracting capability. The contemporary demands of security cooperation require DSCA to have more flexibility in establishing contract priorities as well as avoiding the high cost fee for service contracting arrangements previously utilized to meet this need. Mr. Webster emphasized the continuing need to leverage investments in automation to improve the security cooperation community's efficiency.

Ms. Freda Lodge of the Policy, Plans and Programs Directorate reviewed the need to respond to the changing security cooperation environment. With heightened interest in monitoring exports and accounting for materiel sold, the U.S. Bureau of Customs and Border Protection increasingly has focused upon FMS shipments. The security cooperation community needs to work with customs on export documentation issues to avoid shipment delays. Additionally, progress needs to continue in improving delivery verification and physical accountability for FMS materiel. Finally, Ms. Lodge presented the Joint Strike Fighter and Missile Defense as being a new model for future FMS sales. She emphasized that the security cooperation community needs to work closely with the acquisition community during the system development phase to begin addressing and solving potential FMS issues early in the system's lifecycle.

Mr. Edward Ross of the Middle East, Asia, North Africa Directorate underscored the role that security cooperation contributes to coalition operations. Security cooperation, including the use of Presidential Drawdown authority and excess defense articles, continues to be a valuable tool in promoting regional security. In particular, he cited examples of security cooperation contributions to operations in Iraq, Afghanistan and the Philippines.

Ms. Jeanne Farmer of the Europe, Russia, and Americas and Sub-Saharan Africa Directorate closed out the panel discussion by reviewing the challenges of adapting security cooperation to today's needs. The Georgia Train and Equip Program (GTEP) was an emerging need that was not included in prior FMF forecasts. As a result, drawdown authority was exercised along with diverting other FMF funds to support GTEP. Additionally, some GTEP requirements were included in a supplemental appropriation by Congress. Unfortunately, limited assets were available via drawdown due to U.S. operational demands, prior drawdowns and a general shift toward more direct vendor deliveries rather than maintaining large inventories. As a result, this program required significant procurement flexibility to include obtaining an overseas procurement waiver. Outfitting the Polish Multi-National Division serves as another example of

adapting security cooperation to today's needs. The Polish Multi-National Division consists of forces from fifteen different countries. In order to rapidly outfit the Division, a single pseudo FMS case was used to quickly purchase materiel in bulk using Peacekeeping Operations funding. The material was then centrally dispersed to the various country participants. The use of one case instead of fifteen different FMS cases greatly simplified the project and provided flexibility as individual needs changed. She concluded by stating that security cooperation needs to adapt to provide speed and flexibility in responding to emerging needs while keeping sight of longer term strategic goals.

The second day of the conference began with an "International Perspective" by Mr. Boguslaw W. Winid, Deputy Chief of Mission, Embassy of Poland. Mr. Winid began by stating that his country's military is in a state of transformation. Since 1990, Poland has been working to reintegrate into the European Union and NATO. Additionally, Poland views the U.S. as a principal strategic partner. Compatibility with NATO and interoperability with the U.S. are goals of the transformation. The security assistance program with the U.S. has made significant contributions toward achieving these goals. The program began with just some limited training and has now grown to include the purchase of F-16 aircraft.

Mr. Winid's assessment is that the Polish programs represent a successful implementation of U.S. security cooperation policy. Through the combined use of FMS, FMF and International Military Education and Training (IMET) programs, Poland has been able to train over 1300 personnel and to modernize its military equipment. This in turn, has made Poland an important ally in NATO and has made it possible for Poland to significantly participate in the coalition effort to stabilize Iraq. He attributes this success to a bilateral understanding and willingness to be flexible and adjust to the different legal systems and government cultures between the two countries.

Significant items in the future U.S.-Poland security assistance program include possible C-130 and High Mobility Multipurpose Wheeled Vehicle purchases, continued training to include Professional Military Education and working with the Polish Ministry of Defense on improving Poland's national acquisition system. Mr. Winid concluded by offering some suggestions to improve the U.S. security cooperation program. These suggestions were to increase transparency, aid newcomers to understand procedures, develop programs that enhance the capability of customers to cooperate with the U.S., and to pursue greater convergence of security cooperation programs with the U.S. strategic vision.

Dr. Joseph J. Collins, Deputy Assistant Secretary of Defense for Stability Operations summarized stability operations in Afghanistan and Iraq. His comments on Afghanistan began by emphasizing the importance of recognizing the starting point conditions when attempting to characterize success. In 1996, Afghanistan was ranked as 169th out of 174 states on the United Nations Development Index. The country has suffered twenty-three years of war and four years of drought. Given this starting point, progress is being achieved. The new Afghan central government's influence is spreading and has made progress in reducing the control of the warlords. The goal is to conduct elections in summer 2004. In the economic arena, sixty-five nations have pledged \$6.6 billion toward reconstruction projects to rebuild the nation's infrastructure. Regarding security stability, ten Afghan National Army battalions have been trained and Germany, Italy, Japan, United Kingdom and the United Nations are working with the U.S. in various security undertakings.

On Iraq, Dr. Collins outlined five strategic priorities:

- The number one item is security. The goal is to establish a secure and safe environment throughout the country.
- The second priority is to restore basic services to an acceptable standard.
- Third is to create the conditions for economic growth.
- Fourth is to enable the transition to a legitimate constitutional government.

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- Fifth is to maximize contributions from international partners and organizations.

In closing, Dr. Collins stated that stability operations entail identifying what needs to be done so that the country can continue to successfully operate on its own over the long term thereby precluding the need for U.S. forces to return in the future.

Ms. Diane Halvorsen, Director of Humanitarian Assistance and Mine Action for DSCA presented an overview of humanitarian assistance (HA) and humanitarian mine action (HMA) programs. Although DSCA provides program management for these efforts, authority for the effort comes from Title 10 of *U.S. Code* and is funded by the Overseas Humanitarian, Disaster and Civic Aid appropriation. To ensure unity of purpose and compliance with national security and foreign policy interests, HA and HMA are conducted in cooperation with the Department of State and the Agency for International Development. Combatant Commanders plan and execute DoD Humanitarian Assistance Programs. The goals of these programs are to positively affect dire humanitarian situations, contribute to peace and stability in post-conflict countries, provide access, build relations, and create goodwill. HA and HMA supports the National Security Strategy by dissuading would-be aggressors by promoting peace and stability in regions of tension. Additionally, it enables the U.S. to respond rapidly and effectively when called upon to assist the victims of storms, earthquakes, and other natural or man-made disasters.



The Defense Security Cooperation Agency's booth displaying samples of humanitarian daily ration packages.

Mr. Robert W. Maggi, the Managing Director of the State Department's Directorate of Defense Trade Controls (DDTC) updated the audience on recent activities in defense trade controls. He began by inviting those interested in more detailed information to visit his office's website at www.pmdtc.org. A fundamental issue in this area is to determine what items need to have special controls. Last year, out of \$1.4 trillion in exports only \$25 billion fell into the arena of special controls. Increasingly, military sales are becoming more complex with material transferring through both direct commercial sales and FMS. Last year, roughly 61,000 license applications were received. Given this volume, DDTC is working to improve their processing times. For applications that do not require referral outside of DDTC, the median processing time was eight days. For those that required referral, the processing time was about forty-eight days. To improve the process, DDTC is moving toward a fully automated electronic licensing process. For referred licenses this should as a minimum eliminate mail time delays. Additionally, DDTC is working to improve their interface with the Bureau of Customs. In the area of monitoring compliance, the DDTC issued \$72 million in fines last year. In closing, Mr. Maggi stated the most significant issue for the future is to identify how to manage newly developing technologies. DDTC is meeting with leading research universities to help determine what new technologies should be controlled. The goal of DDTC is to have a U.S. munitions list that is right sized without applying too much or too little control.

The last presentation of the conference was by the Center for Strategic and International Studies. Mr Erik R. Peterson, Senior Vice President and Mr. Jay C. Farrar, Vice President for External Relations and Congressional Affairs jointly delivered a look into the future global

environment through 2025. This insightful and thought provoking presentation forecast the social, environmental and economic conditions in Latin America and the Caribbean, Europe, Russia, Middle East and North Africa, Sub-Saharan Africa and Asia. Information similar to that presented at the conference is accessible via the Center for Strategic and International Studies' website at www.7revs.org.

In closing out the conference, Lieutenant General Walters remarked that the demands on the security cooperation community will continue to remain high over the coming year as the U.S. continues the war on terrorism. He reminded the audience that their work in executing security cooperation work is important and of great value. He sincerely thanked the security cooperation community for their hard work in meeting the challenges over the past year. In looking ahead to the next year, Lieutenant General Walters asked everyone to think about change: how to be more efficient and be more effective. With those remarks, Lieutenant General Walters declared the conference officially concluded.

About the Author

Jeffrey Grafton is currently an instructor at the Defense Institute of Security Assistance Management. In addition to being an instructor, he is also the functional coordinator for acquisition curriculum and the focal point for "Ask an Instructor" questions submitted through the Institute's website. He has previously worked for the Headquarters Air Force Materiel Command, Electronic Systems Center Detachment 16 (Riyadh, Saudi Arabia), and the Air Force Security Assistance Center. He holds a Bachelor of Arts degree in Business Administration from Cedarville College and a Master's of Science degree in Logistics Management from the Air Force Institute of Technology.